

# **TOKYO FINANCE LIMITED**

**ANNUAL REPORT 2012-2013**

## TOKYO FINANCE LIMITED

### BOARD OF DIRECTORS

Shri Velji L. Shah  
Chairman

Shri Haresh V. Shah

Shri Tassadduq A. Khan

Shri Chimanlal A.Kachhi

AUDITORS  
Swamy & Chhabra  
Chartered Accountants

BANKERS  
The Cosmos Co-Op. Bank Ltd.

REGISTERED OFFICE  
5th Floor, Vyom Arcade, Tejpal Scheme Road No.5, Above United Bank of India  
Vile Parle (East), Mumbai - 400 057

REGISTRAR AND TRANSFER AGENT  
Ajel Ltd.  
106, Oshiwara Link Plaza Commercial Complex,  
2nd Floor, New Link Road, Oshiwara,  
Jogeshwari (West)  
Mumbai - 400 102.

NINETEENTH ANNUAL GENERAL MEETING	CONTENTS
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**NOTICE**

**NOTICE** is hereby given that the Nineteenth Annual General Meeting of the shareholders of Tokyo Finance Limited will be held at Gomantak Seva Sangh Hall, 1<sup>st</sup> Floor, Malviya Road, Vile Parle (East) Mumbai – 400057 on September 30, 2013 at 3.30 p.m. to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31.03.2013 and Statement of Profit & Loss for the year ended on that date together with the Report of the Directors and Auditors.
2. To appoint a Director in place of Shri Haresh V. Shah Director, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Shri Tassadduq Ali Khan Director, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors M/s. Swamy & Chhabra, Chartered Accountants to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration

**NOTES:**

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

A proxy form duly completed and stamped must reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. The Register of members and share transfer books will remain closed from Sept 27, 2013 to Sept 30, 2013 (both days inclusive).
3. Members are requested to notify the change in address or bank details to their respective Depository Participants in respect of their shareholding in Demat mode and in respect of their physical shareholding to the company's Registrar and Share Transfer Agent, Ajel Ltd., 106, Oshiwara Link Plaza Commercial Complex, 2<sup>nd</sup> Floor, New Link Road, Oshiwara, Jogeshwari (west), Mumbai 400 102.
4. Members desiring any information on the accounts are requested to write to the Company, which should reach the Company at least one week before the meeting so as to enable the management to keep the information ready. Replies will be provided only at the meeting.
5. Members/proxies are requested to kindly bring duly filled in attendance slips at the meeting.

**Annexure to Notice**

**BRIEF RESUME OF DIRECTORS SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT AND EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956**

**Item No.2**

**Re-appointment of Haresh V. Shah as Director**

Shri. Haresh V. Shah aged 38 years is a graduate in plastic Industry. He has more than 15 years of experience in plastic industry and vast knowledge in the plastic industry. He has extensively traveled abroad and tapped the export market potentials of Plastic Products.

He is a member of Investor Relations Committee of the Company. Shri Haresh V. Shah having directorship of Tokyo Plast International Limited and also he is a member of the Investor Relations Committee of the Tokyo Plast International Limited.

He is having 39100 Shares of the Company.

**Item No.3**

**Re-appointment of Shri. Tassadduq Ali Khan as Director**

Shri. Tassadduq Ali Khan, 65, is a graduate in commerce and he has more than 2 decades of long experience in banking Industry.

He is a chairman of Audit committee and a member of Remuneration Committee and Investor Relations Committee of the Company. He is having directorship of Tokyo Plast International Ltd., and also he is a Chairman of the Audit Committee and a member of Remuneration Committee and Investor Relations Committee of the Tokyo Plast International Limited.

He does not have any shares of the Company.

**By Order of the Board**

**VELJI L. SHAH**  
**Chairman**

Place: Mumbai

Date : 30th May 2013

**Registered Office:**

5th Floor, Vyom Arcade,  
Tejpal Scheme Road No.5,  
Above United Bank of India,  
Vile Parle (East),  
Mumbai- 400 057.

**DIRECTOR'S REPORT**

To The Members,

Your Directors have pleasure in presenting the Nineteenth Annual Report and Audited Accounts of the Company for the year ended March 31, 2013.

**FINANCIAL OPERATIONS:**

The working results of the company for the year under report are as under:

	2012-13 (Rs. in Lacs)	2011-12 (Rs.in Lacs)
Income from operations	130.02	172.91
Profit / (Loss) after taxation	(9.62)	33.75

During the year the turnover of your company decreased from 172.91 Lacs to 130.02 Lacs and the net profit from Rs.33.75 Lacs to loss of Rs.9.62 Lacs.

**DIVIDEND:**

In Order to conserve resources for future operations, your directors have decided not to recommend any dividend for the year.

**BUSINESS PROSPECTS:**

The company's funds are invested mostly in advances to known parties. With the interest rate structure scenario in the country witnessing a downward revision, the company's income / profit levels are expected to be more or less stagnant in the immediate future.

**DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Shri. Haresh V. Shah, Director and Shri. Tassadduq Ali Khan, Independent Director of the Company retires by rotation, and being eligible offer themselves for re-appointment.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

As required under section 217(2AA) of the Companies Act, 1956 the Directors hereby confirm that:

1. In the preparation of the annual accounts for the year ended 31st March 2013, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
2. The directors had selected such accounting policies and applied consistently and made judgments and estimates that were reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2013 and of the profit of the Company for the year under review;
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The annual accounts for the year ended 31st March, 2013 have been prepared on a 'going concern basis'.

## **TOKYO FINANCE LIMITED**

### **DEPOSITS:**

The company has not accepted any fixed deposits from the public during the year.

### **AUDITORS:**

The Statutory Auditors of your Company M/s Swamy & Chhabra, Chartered Accountants, retire at the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224 (1-B) of the Companies Act, 1956.

### **AUDITORS REPORT:**

The Auditors qualifications are noted and the company is taking effective steps to remedy the situation.

### **CORPORATE GOVERNANCE:**

A Report on Corporate Governance along with a Report from the auditors of the Company regarding compliance of the conditions of Corporate Governance pursuant to Clause 49 of the Listing Agreement is annexed.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Company does not have any activities which entail the consumption of energy and technology absorption.

There was no foreign exchange earning or outgo of the company during the current year.

### **PARTICULARS OF THE EMPLOYEES:**

There are no employees falling within the purview of Section 217 (2A) of the Companies Act, 1956.

### **DISCLOSURE UNDER SECTION 274 (1) (g)**

None of the Directors of the Company have been disqualified under Section 274 (I) (g) of the Companies Act, 1956.

### **DISCLOSURE REQUIRED UNDER CLAUSE 31 OF THE LISTING AGREEMENT**

The shares of the company are listed at the following Stock Exchange:

1. The Stock Exchange, Mumbai  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai - 400 001

There are no arrears of listing fees payable to the above Stock Exchange.

The Company has applied for de-listing of the equity shares from The Stock Exchange, Ahmedabad as approved by the share holders in Annual General Meeting held on 29th September 1999.

### **ACKNOWLEDGEMENTS:**

Your Directors take this opportunity of thanking the Shareholders, Bankers, Auditors, Registrars, Business Associates, and Employees of the Company for their co-operation received during the year under review.

**On behalf of the Board of Directors**

**Place : Mumbai**

**Date : May 30, 2013**

**Velji L. Shah**  
**Chairman**

## MANAGEMENT DISCUSSION AND ANALYSIS

**1. Industrial Structure and Development :**

The interest rate is showing a marginal downward trend. Your company is expected to be more or less stagnant in the future.

**2. Opportunity and threats :**

The Finance industry offers exciting opportunities for growth and expansion. There are varied products that are developed over a period of time with varied risk profiles. The whole game is of balancing the risk and return aptitudes. Your directors have preferred to keep the risk to the minimum. However we would continue to look at the varied opportunities and would commit ourselves to new areas when appropriate.

**3. Outlook :**

Against the backdrop of uncertain global conditions and fragile domestic demand, the recovery in the economy is expected to remain moderate. Your company is expected to be more or less stagnant in the near future.

**Risk and Concerns:**

The main risk faced by the company is the downward revision of interest rate structures in the country and the underperformance of borrowers. The best safeguard against credit risks arising from any worsening of economic conditions is careful borrower selection and supervision.

The interest scenario is currently showing an uptrend.

**4. Internal Control System and their adequacy :**

The Company has an adequate system of internal controls to ensure accuracy of accounting records, compliance with all laws and regulations and compliance with rules, processes and guidelines prescribed by the management.

**5. Discussion on Financial Performances :**

During the year the turnover of your company decreased from 172.91 Lacs to 130.02 Lacs and the net profit from Rs.33.75 Lacs to loss of Rs.9.62 Lacs because of non- performing assets and provision for substandard assets.

**6. Human Resources :**

Harmonious industrial relations continued to prevail in the company during the year. Relations with the employees were cordial.

## REPORT ON CORPORATE GOVERNANCE

**1. Company's Philosophy:**

The Company believes in adopting and adhering to all recognized corporate governance practices and continuously benchmarking itself against each such practice. The Company understands and respects its fiduciary role and responsibility to the shareholders and strives to meet their expectations.

## TOKYO FINANCE LIMITED

### 2. Board of Directors:

The Board of Directors of the Company ("The Board") is well represented by and has adequate representation of Executive, Non Executive and Independent directors. The Board has constituted various committees of Directors, for the matters requiring special attention and their proper, effective & efficient disposal. The details are as given below:

Name of Directors	Category	Meeting held during respective tenure of Directors	No. of Board Meetings Attended	Whether attended AGM held on 28.09.2012	No. of Directorships in other Public Companies as on 31.03.2013	No. of Committee positions held in other Public Companies	
						As Chairman	As Member
Mr. Velji L. Shah	Non- Executive, Non-Independent	4	4	No	3	--	2
Mr. Haresh V. Shah	Executive, Non-Independent	4	4	Yes	3	--	1
Mr. Tassadduq Ali Khan	Non-Executive, Independent	4	4	No	1	2	1
Mr. Chimanlal Andarji Kachhi	Non-Executive, Independent	4	3	No	1	1	2

The Board of Directors had held five meetings during the year on 30.05.2012, 14.08.2012, 10.11.2012 and 13.02.2013.

### 3. Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements and also it meets the requirements under section 292A of the Companies Act 1956. The Audit Committee presently comprises of two independent directors and one non independent non executive director.

The Audit Committee reviews Internal control systems and their compliance thereof, oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible. The Committee reviews with the Management the quarterly unaudited financial statements and annual financial statements before submission to the Board. The Committee also monitors the Annual Audit Plan and recommends appointment and fixes remuneration of external auditors.

During the year under review, the Audit committee met 4 times on 30.05.2012, 14.08.2012, 10.11.2012 and 13.02.2013. The composition, names of the members, chairperson, particulars of the meetings of the members during the year are as follows:

Name of Members	Category	No. of Meeting Held During the F.Y. ended 31st March, 20123	No. of Meeting Attended during the F.Y. ended 31st March, 2013
Mr. Tassadduq Ali Khan (Chairman)	Non-Executive, Independent	4	4
Mr. Chimanlal Andarji Kachhi	Non-Executive, Independent	4	3
Mr. Velji L. Shah	Non-Executive, Non-Independent	4	4



**4. Remuneration Committee :**

It reviews and approves the annual remunerations, service agreements and other employment conditions. The composition, names of the members, chairperson, particulars of the Meeting and attendance of the members during the year are as follows :

Name of Members	Category	No. of Meeting Held During the F.Y. ended 31st March, 2013	No. of Meeting Attended during the F.Y. ended 31st March, 2013
Mr. Tassadduq Ali Khan (Chairman)	Non-Executive, Independent	1	1
Mr. Chimanlal Andarji Kachhi	Non-Executive, Independent	1	1
Mr. Velji L. Shah	Non-Executive, Non-Independent	1	1

During the year the committee met on 13th February 2013.

**5. Investor Relations Committee :**

This Committee was constituted specifically look into the transfer/transmission of shares, issue of duplicate share certificate, review of shares dematerialized, all other matters related to shares and to redress shareholders' and investors' complaints like transfer of shares, non-receipt of dividends, non-receipt of Annual Report, etc. The members of the Investor Relations Committee are as follows :

Name of Members	Category	No. of Meeting Held During the F.Y. ended 31st March, 2013	No. of Meeting Attended during the F.Y. ended 31st March, 2013
Mr. Chimanlal Andarji Kachi (Chairman)	Independent Non-Executive	3	3
Mr. Haresh V. Shah	Executive	3	3
Mr. Tassadduq Ali Khan	Non-Executive, Independent	3	3

During the year the committee met on 15.06.2012, 13.02.2013 and 15.03.2013.

Name and designation of the Compliance Officer - Mrs. Beena Desai

Number of Shareholder complaints received - Nil

Number of complaints not solved to the satisfaction of Shareholders - Nil

## TOKYO FINANCE LIMITED

### 6. General Body Meeting :

- i. Location and time where last three AGMs held :

Financial Year	Location	Date	Time
2009-10	Utkarsh Mandal Hall Ground floor, Malviya Road, Vile Parle (East) Mumbai - 400 057.	19th August, 2010	4.00 PM
2010-11	Utkarsh Mandal Hall Ground floor, Malviya Road, Vile Parle (East) Mumbai - 400 057.	30th September, 2011	3.30 PM
2011-12	Gomantak Seva Sangh Hall 1st floor, Malviya Road, Vile Parle (East) Mumbai - 400 057.	28th September, 2012	3.30 PM

Other than the Annual General Meeting, there was no General Meeting of the shareholders of the Company held during the year ended on 31st March 2013.

- ii. Postal Ballot: No Postal Ballot was conducted during the year.  
iii. Special resolution: No special resolution has been passed in the previous Annual General Meeting.  
iv. No special resolution is proposed to be conducted through postal ballot.

### 7. Disclosures :

- (i) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management or their relatives etc. that may have potential conflict with the interest of company at large - Note No.19 of Notes forming part of the Financial Statements contains the list of Related Party relationships and the transactions as required by the Accounting Standard 18 on “Related Party Disclosures” issued by Institute of Chartered Accountants of India.
- (ii) Details of non-compliance by the Company, Penalties, and Strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years: Nil

### 8. Means of Communication:

The Company quarterly and annual results are normally published in Newspapers which includes Free Press Journal (English) & Navshakti (Marati) The copies of the results are forwarded to concerned stock Exchanges immediately after approved by the board for publication in their website. Management Discussion & Analysis Report is a part of annual report.